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OFFICE OF THE
EXECUTIVE SECRETARY

February 12, 2001

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Dear Mr. Waddell:

Enclosed is United Cities Gas Company's response to the Tennessee Regulatory Authority's Data Request of February 2, 2001. The Company will continue to provide this information monthly through April 2001.

If you have any questions, please do not hesitate to contact me at 615-771-8332.

Very truly yours,

Pat Childers

Patricia J. Childers
Manager - Rates & Regulatory Affairs

Cc: Mr. Mike Horne
Mr. Eddie Roberson

**United Cities Gas, Company
Responses to
TRA Data Request
February 2, 2001**

1. Provide the number of residential customers subject to disconnection for non-payment in the month of January 2001. Provide the total outstanding charges for these customers. (This information should be filed by month through April 2001.)

Month	Customers	Balances (\$)
January, 2001	8,573	5,575,027
February, 2001		
March, 2001		
April, 2001		

2. Provide the actual number of residential customers that were disconnected for non-payment in the month of January 2001. Provide the total outstanding charges for these customers. (This information should be filed by month through April 2001.)

Month	Customers	Balances (\$)
January, 2001	664	242,731
February, 2001		
March, 2001		
April, 2001		

3. Explain the current disconnect policy for residential customers and how that policy has changed from previous years.

United Cities Gas Company installed a new billing system in September of 1999. The Delinquency module was not implemented until September of 2000. This module uses user-specified rules and values to assist with managing delinquent accounts. A past due threshold dollar amount is specified to initiate the delinquency process. Credit scores are used to adjust the residential thresholds as follows:

These credit scores are used for internal purposes only and are not shared with outside agencies.

**United Cities Gas, Company
Responses to
TRA Data Request
February 2, 2001**

Once an account triggers the delinquency threshold, the following steps are taken on or after the specified amount of days following the billing date:

Due Date	20 days
Penalty	22 days
Termination Notice	25 days
Termination Order	36 days

A termination order will not be worked if the customer pays their bill, enters into a payment agreement and/or receives an Energy Assistance grant. We will not terminate an account if the temperature is forecasted to be below 32° during the next 24 hrs.

In addition to the above automated process, we are making additional efforts, in many cases, to notify customers by phone or by doortag that termination is imminent if immediate arrangements aren't made to pay their bill.

Our termination practice differs from last year in that we have instituted our automated delinquency management system. As mentioned earlier, last winter we were just coming off of a billing system conversion and we chose not to enforce terminations until late spring.

4. What is the number of disconnections for non-payment during the period of October through January 2001 compared to the same period last year? Explain the reasons for the differences? Has your company's change in disconnections for non-payment made a difference?

Month	1999-2000	2000-2001
October	1	282
November	118	243
December	154	102
January	19	740

As mentioned in item 3) above, the biggest difference in this year's numbers and last year's is the billing system conversion last year, and the addition of the delinquency module this year. The billing conversion last year prevented us from working delinquencies effectively. The addition of the delinquency module has enhanced our ability to identify and manage delinquent accounts. These two events combine to increase this year's numbers despite our efforts to be more lenient with non-paying accounts.

**United Cities Gas, Company
Responses to
TRA Data Request
February 2, 2001**

Because of these inherent differences in the last two years, it is difficult to draw in meaningful conclusions regarding the data.

5. In Past years, the majority of disconnections occurred in the February, March and April billing cycles. As these cycles approach, what do you expect to see as the number of customers disconnected, and what effect will your "Contingency Plan" have on these numbers?

We predict that the numbers of disconnected customers will rise once again this spring because of two factors:

Higher than normal balances and
Less need for heat

Some customers will choose to do without their gas service rather than pay the balance owed on their bill. Hopefully, customers who have entered into deferred payment arrangements will honor their payments as their need for heat decreases.

6. Have you experienced an increase in calls relating to the high billings? Explain the steps you have taken to handle the increased number of customer calls and waiting time customers experience when calling about high bills?

Yes, the number of calls we have received (company wide) at our Customer Support Center (CSC) has increased dramatically. For example, our CSC received about 149,234 calls in September 2000 and approximately 236,694 calls in January 2001.

We have taken several steps to handle the increase in customer calls and to make ourselves more available to our customers:

- We added over 60 temporary employees to the CSC to take calls
- We added approximately 92 telephone circuits to the CSC
- We added an overflow queue to the CSC phone system that will handle up to 998 incoming calls
- We opened all of our business offices for customers access
- We added 70 incoming lines in United Cities Gas to our local offices
- We ran customer service adds in all of our newspapers advising customers on how to contact us
- We added 15 temporary employees in UCG to assist with the overflow
- We have established a company Internet website and a company email address to assist with customer inquiries and response.

**United Cities Gas, Company
Responses to
TRA Data Request
February 2, 2001**

7. What is the average increase in Bills from December 1999 to December 2000 in both dollars and percentage?

Average Dec. 1999 Bill	\$78.88
Average Dec. 2000 Bill	\$131.43
Dollar Increase	\$52.55
% Increase	66.6%

Average Jan. 2000 Bill	\$112.42
Average Jan. 2001 Bill	\$244.07
Dollar Increase	\$131.65
% Increase	117%

8. How many customers have been offered an extended payment plan (whether budget or short-term deferred payment plan) this year compared to last year? Provide the details of the payment plans and how they are administered.

	1999	2000
Deferred Payment Plans	6485	6301

The company offers a budget-billing option, based on an average of the customer's prior billing history. The accounts are normally trued-up in April. An interim adjustment was made this year because of the exceptionally high gas costs.

The company also offers deferred payment agreements to customers who request them. The normal agreement would be to divide the payments over three months. Because of the extraordinarily high gas cost this year, we have increased the term to seven months.

9. Do you refer customers to civic, charitable, or government agencies for assistance in making payments? If so, how many customers?

	2000	2001
Energy Assistance Plans	**	155

** Data not available for 2000 due to billing system conversion.

**United Cities Gas, Company
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February 2, 2001**

10. Has there been a noticeable increase in the length of time necessary for customers to pay their bills? (Ex. Increase in forfeited discounts, drop in cash flow, etc.)

Although it would seem logical that the length of time required for customers to pay their bills would increase as their bills increase, our data indicates the opposite. We are continuing to analyze this data and our testing methodology to determine if there are inaccuracies. We will report on our results, as we become more comfortable with the data.